

FTR

## TESTIMONY AGAINST

### GENERAL ASSEMBLY BILL No. 393 - AN ACT CONCERNING CONDOMINIUM ASSOCIATION LEASING RESTRICTIONS

MARCH 13, 2014

I am Richard Mellin, Mellin & Associates LLC, a property management firm based in Northern Fairfield County. My partner and I manage large condominiums in Bethel, Brookfield and Danbury area. We have been managing community association properties for over 25 years.

Mellin & Associates LLC is registered with the Department of Consumer Protection as a Community Association Manager holding Registration # CAM.0000082. We are a member of the Connecticut Chapter of Community Associations Institute. I serve on the organization's Legislative Action Committee and Chair the organization's Manager's Council which is comprised of fellow community association managers in CT.

There are a number of areas of concern why this bill should not be adopted.

First, the requirement to include a leasing restriction in a declaration creates too great of a burden on an association to adopt such a restriction. The process and cost to change a declaration is expensive and time consuming particularly for the thousands of smaller associations (under 25 units) in Connecticut.

Secondly, the FHA will not certify any association with more than 50% leased units. Without FHA approval, the pool of potential buyers is greatly diminished. This bill will negatively impact sellers and buyers of condominiums, and those looking to refinance their mortgages. It can adversely affect the financial health of an association.

Third, the percentage of rented units in a community has a direct negative impact on the procurement and cost of required insurance. Many insurance carriers will not insure associations with too many rentals. Properties with high rental ratios are charged higher rates typical of apartment complexes.

Fourth, there are workable remedies for unit owners to address unreasonable leasing rules and restrictions proposed by a Board of Directors. One large condominium in our area recently voted to remove a Board that was proposing unreasonable leasing restrictions.

There are serious negative unintended consequences of this bill to the tens of thousands of individuals who live in condominiums in CT. I urge you to NOT adopt HB 393.

If you have any questions, please do not hesitate to contact me. Thank you.

Respectfully Submitted,

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